1990-91 BUDGET ADDRESS

PRESENTED BY
THE HONOURABLE P. McDONALD
MINISTER OF FINANCE
AT THE FIRST SESSION
OF THE TWENTY-SEVENTH LEGISLATIVE
ASSEMBLY

WHITEHORSE, YUKON
NOVEMBER, 1989

Yukon
Finance

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92-01079/

1990 - 1991

BUDGET SPEECH

Mr. Speaker and Honourable Members. I am pleased to introduce today the combined Capital and Operation and Maintenance Budget for the fiscal year 1990-91.

This budget reaffirms the continuing commitment we have made to responsible fiscal management. It emphasizes our focus on investment for the future, in our people, in our industries and in our natural heritage. It is a realistic budget that marries well our concerns for the social and economic well-being of Yukoners and the protection of our environment.

Our commitment to sound financial management is evident in the budget before you. It is, in broad terms, a balanced budget. This represents the third consecutive year that this government has brought forth a balanced budget. It requires us to continue to live within our means. And it reaffirms our commitment to ensuring that the government's finances are managed in a prudent manner.

ECONOMIC OVERVIEW

The economic environment within which we operate must be taken into consideration when establishing a budget in order that both the social and economic concerns of our citizens can be appropriately addressed. I would like to take a few minutes to present you with an overview of the economic situation we currently face.

Canadian Economy

The Canadian economy is expected to experience moderate but solid growth in 1989. Constant dollar Gross Domestic Product is forecast to increase by 2.8 percent over the course of the year. This compares to an average growth rate of 4.7 percent for the previous five years. The national economy should continue cooling-off next year: a growth rate of 1.8 percent is forecast as consumer spending and the housing sector soften even further. Business investment will remain fairly healthy and is expected to continue to drive the economy in the coming year.

Nationally, increases in federal and provincial indirect taxes are contributing to higher consumer prices throughout the country. While the overall Consumer Price Index is forecast to increase by 5.2 percent this year, tobacco and alcohol products are experiencing increases of 11 percent. The rate of inflation is expected to ease to 4.7 percent in 1990 but this is still relatively high given that the national average hovered around 4 percent during the previous five years.

The introduction of the federal government's proposed Goods and Services Tax in 1991 will contribute to a significantly higher inflation rate in the order of two to three more percentage points. The rate of inflation will probably top seven percent in 1991 as the cost of services come under the new federal tax regime. This, of course, is a matter of some concern and has been the subject of much recent comment.

Interest rates will likely moderate somewhat but are expected to remain relatively high. The prime lending rate should dip to 12.5 percent in 1990 from its forecast level of 13.25 percent this year. Concern about increasing inflationary pressures continues to influence the Bank of Canada's monetary policy.

The number of Canadians employed is projected to continue to increase by a respectable 2.0 percent in 1989 and then slow to a modest 0.8 percent next year. As a result of this, the unemployment rate will average 7.5 percent in 1989 and then is forecast to rise slightly to 7.7 percent next year.

Yukon Economy

The Yukon's economy, generally speaking, continues to be healthy. Territorial Gross Domestic Product in current dollars should increase by about 9 percent in 1989. This compares favourably to forecast national growth of just under 8 percent.

Since 1985, the Yukon has had the fastest growing economy in Canada. Over this period, Territorial Gross Domestic Product will have increased from less than $500 million to nearly $800 million in 1989. This increase has taken place despite the fact that the government sector, as a proportion of total economic activity, has declined significantly. Over the same period, wages and salaries are estimated to have increased by more than 40 percent. Our population is currently just under 30,000 as compared to under 26,000 in 1986. A large part of this increase is due to in-migration and is indicative of the confidence people have in our economy.

The Yukon's rate of inflation is significantly lower than the national average. Since 1985 our average annual rate of inflation has measured 3.3 percent. This compares to a national average of 4.2 percent over this same period. In 1989 we expect the Yukon's inflation rate to be 4.0 percent, a full 1.2 percentage points lower than that for Canada as a whole. This too, is encouraging.

The level of employment in the Territory is projected to average more than 13,000 in 1989. This is an increase of more than 3 percent over 1988 and, once again, will be a stronger showing than is the case for the national picture. Our rate of unemployment is expected to continue to decline this year. The unemployment rate, which stood at 15 percent in 1985, is expected to average less than 12 percent in 1989. While the decline is welcome news, the absolute figure of 12 percent is still, in our minds, unacceptably high.

Although the general economic picture has been bright, not all sectors of the economy have enjoyed the same degree of prosperity. Some sectors, such as tourism, did not meet expectations this year. While the overall unemployment rate continues to fall, not all areas of the Territory have experienced this decline. Unemployment continues to be a serious problem, especially in the smaller communities.

The economic outlook for 1990 calls for continued growth, but at a somewhat slower pace than in 1989. Territorial Gross Domestic Product is expected to increase by about 8 percent in 1990 and the number of people employed is projected to increase by 1.9 percent to a level of 13,300. Unfortunately, we believe the unemployment rate will continue to hover around 12 percent. The rate of inflation is also anticipated to remain virtually unchanged at 4 percent in 1990. This compares to an estimate of 4.7 percent for the national economy. These inflation projections are especially encouraging since rapid economic expansion, such as we have experienced, traditionally results in excessive price increases.

We expect the tourism industry to enjoy a promising season next year. Increased expenditures on tourism advertising should help attract more North American tourists and the trend towards more overseas visitors is expected to continue.

The minerals sector is also expected to pickup in the coming year. While no new mines are anticipated to go into production and production volume will remain almost unchanged, mineral exploration activity should show some recovery from the relatively poor level experienced in 1989. The proposed Mount Hundere lead-zinc mine north of Watson Lake will be a welcome addition to the Yukon's mining industry. Extensive development work will take place in 1990 with production expected to commence in 1991.

The output of the forestry sector is forecast to realize significant gains in the coming year. Yukon Pacific Forest Products in Watson Lake will reach an output of up to 50 million board feet of lumber, more than three t mes their estimated output for the current year. This is welcome news for the economy of the Yukon as a whole and the Watson Lake area in particular. For the long term, it is our hope that this mill will serve as the base for an integrated forestry complex in the southeast Yukon.

While 1990 gives every indication of being a good year for the Yukon, the outlook for 1991 and beyond is clouded by the proposed federal Goods and Services Tax to be introduced January 1, 1991. The impact of this tax will be felt much more harshly by the people of the Yukon than by the average Canadian, not only because of the higher costs we pay for goods and services, but also because of the structure and very nature of our economy.

Tourism is expected to be especially hard hit and tourism, as we all know, is one of the most important sectors of our economy. The general cost of doing business in the Yukon will increase substantially. And not only will the tax raise the costs of goods and services, it will also impose additional administrative costs upon most, if not all, Yukon businesses.

The consumer will be particularly hard hit because certain basic necessities, such as home heating fuel and transportation costs, will be taxed. Federal initiatives to offset some of these financial burdens with a refundable tax credit system will not adequately compensate northerners due to our already high cost of living and high nominal, as opposed to real, incomes.

The Government of Yukon and numerous other interested groups and organizations expressed these concerns during the visit to Whitehorse by members of the federal Standing Committee on Finance concerning the Goods and Services Tax. It is our understanding the Committee found the presentations and the concerns expressed very enlightening. It is hoped that these concerns are taken into account in their final report.

FORMULA FINANCING

I would now like to speak to the issue of the federal transfer payment being shown in the Main Estimates. I need not remind anybody here of the crucial importance of this transfer payment to our government's fiscal well-being and the economy of the Yukon.

The current series of formula financing negotiations have been long and difficult. While the issue is close to resolution, we are not yet in a position such that a definitive sum can be incorporated in the budget I am tabling today.

However, we are not unmindful of the financial situation the federal government is facing. To have presented Main Estimates reflecting no reduced federal support would have been, I believe, unrealistic and dishonest when one of our goals in setting this budget was to present an honest budget. Consequently, we have assumed a $5 million cut in the grant from Canada for the purposes of this budget. This reduction equates to a decrease in federal support for the Territory of approximately $170 for every man, woman and child in the Yukon.

When taken in conjunction with the direct expenditure reductions the federal government has imposed on its programs in the Yukon, we feel the $5 million is excessive. However, given the position the federal government has taken in negotiations and the federal deficit-reduction measures that have been imposed upon the provinces in areas such as Established Programs Financing, we feel this sum is realistic.

This reduction in the transfer payment will obviously have serious consequences for us. This budget reflects the restraint the new fiscal environment will force upon our government and citizens. We have had to restrain, cut-back and establish priorities in spending in a number of important areas and this cannot help but reduce the overall level of service we are able to provide. We have attempted to alleviate the impact of the reduction by carefully planning and budgeting for it in, what we consider to be, the best interest of the people of the Yukon.

The Main Estimates being tabled here today show the Yukon receiving a transfer payment of $202,044,000 for the 1990-91 fiscal year. This figure, which incorporates the $5 million reduction I have just mentioned, represents an increase of just 3.4 percent over the grant we currently expect to receive for 1989-90. This is a low rate of growth indeed and will not even keep up with inflation. It is, however, the reality we must live with and we must reduce our expectations to match that reality.

I stress that the formula financing negotiations have not been concluded. We are continuing to make a strong case to the federal government that northerners not bear more than their fair share of federal cutbacks.

FISCAL OVERVIEW

The budget I am now introducing is, on the whole, a balanced budget. It provides for decreased capital spending and moderately increased operation and maintenance expenditures. The combined capital and operation and maintenance expenditures for 1990-91 are $342.5 million. This represents a decrease of 2.7 percent from the forecast estimates for the 1989-90 fiscal year. This decrease in total expenditures reflects the reduced transfer payment we project to receive from the federal government and our determination to continue to live within our means.

The budget, while providing for capital expenditures of $93.9 million, and operation and maintenance expenditures of $248.5 million, will initially result in a small apparent surplus of $6,896,000 for the fiscal year 1990-91. These monies will be required to finance normal supplementaries, including anticipated collective bargaining settlements yet to be negotiated for the coming year. We therefore anticipate the final result for the year, when all is said and done, to be a balanced budget.

We have tabled today supplementary estimates for the current fiscal year which project capital expenditures of $116.6 million and operation and maintenance expenditures in the amount of $235.5 million. Consequently, the opening accumulated surplus for the 1990-91 year will be approximately $33 million.

The Main Estimates for 1990-91 will ostensibly, therefore, result in an accumulated surplus of roughly $40 million at the end of the year, that being March 31, 1991. However, as I have just indicated, we anticipate unavoidable supplementaries during the course of the year and therefore believe our accumulated surplus on March 31, 1991 will, in fact, remain at the $33 million figure projected for March 31, 1990. We consider this amount, which is the equivalent of one month's spending, to be the prudent minimum required to protect us from economic downturns or other events requiring an infusion of government funds.

REVENUES

Mr. Speaker, I am pleased to announce there will be no tax increases for the coming fiscal year. The tax burden on the people of Yukon has for many years exceeded the national average and this state of affairs continues to the present day. This burden is about to be made even heavier with the implementation of the Federal Government's proposed Goods and Services Tax and to ask residents of the Yukon to bear even more would be neither reasonable nor acceptable.

Budgetary revenues are expected to total $351.5 million in 1990-91, some 4.3 percent higher than the current year's revenues.

Our locally-raised revenues continue to increase. For 1990-91, they are forecast to total $58.4 million. As our locally-raised revenues continue to grow, our dependence on the federal government continues to decline. In 1990-91, the federal grant is expected to represent 57.3 percent of our total budgetary revenues. This compares to the 61.6 percent of these same revenues it represented in 1985-86.

Personal income tax revenues are expected to increase by 6.9 percent to $23.8 million while corporate income taxes are forecast to remain above $5 million. The relatively high level of both personal and corporate income taxes is indicative of the strong performance and health of our economy.

There are, however, two major revenue sources which are estimated to decline in the coming year, namely, tobacco taxes and investment income. The revenue from the tobacco tax is expected to decline as changing attitudes towards smoking reduce consumption. This trend is already evident in the current year. Investment income is also projected to be less as the result of a slight drop in interest rates and the decline in our accumulated surplus.

While we will not be increasing the rates of any of our taxes, we have found it necessary to increase motor vehicle licence fees for the 1990-91 fiscal year. As a result of the realignment of these fees, motor vehicle licence revenues are projected to increase by $335,000.

EXPENDITURES

General

Our prime objective in preparing this budget was to present a realistic budget which incorporated all of the expenditures we could reasonably predict. This, it seems to me, is a fundamental principle of sound fiscal practice. We wanted to introduce a budget which will allow us to live within our means without imposing an undue burden.

Today we are introducing such a budget. As an example of the all-inclusive nature of these Main Estimates, we are including in them the allowance for bad debts expense in the Department of Finance. While we do not intentionally plan to incur such an expense, it does occur and the introduction of this item will enable us to provide better financial management practices, which is consistent with the budgeting for accrued leave and termination benefits introduced by our government in 1985. It also gives Members of the Legislature and the public a more complete picture of what is ultimately expected to occur in the government's accounts for the year.

The budget is tailored to match our current economic environment. Our expenditures next year will place even more focus on the communities where unemployment is a continuing problem.

Now that our economic course is set, we want to devote our resources to striking a better balance between economic, social, and environmental goals. Ultimately, they are inextricably intertwined. This became very apparent during the recent Yukon Economic Strategy Conference. Our future budgets will further highlight this interrelationship and balance as we strive to attain sustainable development in the Yukon.

While continuing the economic emphasis of our expenditures, we have begun to shift our focus towards social and environmental issues and concerns. Social programs will represent 37.7 percent of the proposed expenditures for 1990-91 compared to 34.4 percent in 1989-90.

The importance of our economic development operations and programs are far from being ignored, however. Today's budget includes approximately $103 million for these purposes.

Our goal in the field of economic development continues to be to implement the recommendations outlined during the Yukon 2000 process. We consider those recommendations, as defined by the people of the Yukon themselves, to be our guide in developing our economy. We intend to continue to implement them and have, in fact, already made a good start in doing so.

EXPENDITURE INITIATIVES

Mr. Speaker, I am pleased to announce that our budget provides for the implementation of several new initiatives and the enhancement of numerous existing ones which will address a number of the social, environmental and economic concerns of the people of the Yukon in the coming fiscal year. Foremost, of course, among these concerns is the land claims settlement which continues to be the first priority of our government.

I would now like to take this opportunity to review with you some of the more important of these expenditure initiatives provided for in the estimates.

SOCIAL ACTION

Child Care

Last March, we announced the initiation of a multi-year strategy to ensure quality, affordable, comprehensive child care throughout the territory as outlined in our Child Care Strategy. I am pleased to announce that the government's long-term commitment towards child care is being implemented. In this, the second year of our commitment, we will provide an additional $400,000 for child care services. These funds will be used to expand the Child Development Centre's Outreach Program so that it covers all rural communities. They will also be used to expand our child care subsidy and the quality enhancement program. The commitment of these resources will take us a step further toward our goal of ensuring affordable access to quality child care services.

Alcohol and Drug Services Facility

The Department of Health and Human Resources will allocate $200,000 in the coming fiscal year for the design of the planned new detoxification facility for alcohol and drug abuse treatment. This facility will provide the necessary treatment so that those individuals in our society, who are in need of such care, will continue to have access to this service.

Extended Care Facility

We have recognized the need for an extended care facility in the Yukon and budgeted towards the construction of such a facility. This year we will provide an additional $3,150,000 for extended care. These funds will be put towards the construction of the new facility. They will also be used to provide for immediate needs through the upgrading of Macaulay Lodge. Quality health care for all Yukoners is an investment that I am certain all members support.

Circumpolar Health Congress

In May of next year, we will host the 8th International Congress on Circumpolar Health. This forum will enable us to discuss with other northern nations important health issues common to us all. The Department of Health and Human Resources will contribute $150,000 towards the hosting of the congress.

Education

The Department of Education will be undertaking a number of initiatives to continue to improve the quality of education that Yukon students receive. The Native Teacher Training program will receive an additional $232,000, bringing the total funding to $632,000, to continue training Indian people for teaching positions in the Yukon. The Northern Studies program will receive $87,000 in new resources to provide for a much enhanced program in the years to come.

The construction and renovation of a number of schools is being planned for the coming year. A total of $3 million is being budgeted to commence construction of the new elementary school in the Granger subdivision and $1.4 million is being set aside for the proposed South Highway School to meet the very valid needs of the residents of that area. The Del Van Gorder school in Faro will receive $350,000 worth of renovations in 1990-91 in addition to the preliminary work begun in 1989-90. The Department of Education will also allocate $400,000 to complete phase one of the construction of the new Watson Lake High School and $100,000 has been set aside to begin the planning for a new Catholic school in Whitehorse.

Our commitment to the Yukon Arts Centre is reiterated by the allotment of $2.5 million towards its construction in the coming year. When completed, this facility will provide the Yukon with a much-needed centre for the performing and visual arts.

Mr. Speaker, this is the first budget to reflect the status of Yukon College as an independent, autonomous operation. Yukon College now not only has a new Whitehorse campus, of which we are all proud, but also a new sense of direction as it becomes autonomous.

Employee Human Resource Development

In recognition of the fact that the most important element of an organization is its employees, an additional sum of $300,000 has been provided by the Public Service Commission for the professional development of the public service. The expenditure of these monies will contribute to reduced turnover and outside recruitment, both of which cost our government hundreds of thousands of dollars each year.

Housing

The Yukon Housing Corporation will spend $14.9 million in 1990-91 on capital programs to help improve housing conditions throughout the territory. It is expected that a total of $1.3 million will be infused into the communities to provide for staff housing in the coming year and $7.7 million will be spent on non-profit housing projects throughout the territory. The Corporation's other capital programs, the Home Improvement, the Home Ownership and the Joint Venture programs, will provide $5.8 million to help improve housing conditions in the Yukon.

ECONOMIC AND ENVIRONMENTAL ACTION

Tourism

We are all aware of the importance of tourism to our economy. To further promote the Yukon as a choice destination, the Department of Tourism is committing $295,000 to the launch of its "Destination: Yukon" marketing program. The program will market Yukon vacation packages and will promote the services of Yukon operators and businesses to Canadian travellers. This new program, along with a contribution of $255,000 to the Yukon Anniversaries Commission, will complement existing promotional programs and will bring our total commitment to tourism marketing to over $3 million this year.

Transportation

Our transportation systems are fundamental to the well-being of our citizens, not only because of their vital role in economic development but also because of their contribution to our social interaction and well-being. Since 1985, we have committed more than $250 million toward the expansion, improvement and maintenance of all our transportation systems. In 1990-91, the Department of Community and Transportation Services will provide a further $56.9 million in expenditures for our transportation systems. Of these funds $20.4 million are for capital projects and $36.5 million are for operation and maintenance of these systems.

I would, in particular, like to note that the Robert Campbell Highway from Faro to Carmacks will receive $2.2 million in expenditures in the coming year and the South Klondike will receive a further $6.2 million for its continued re-construction in 1990-91. The Resource Transportation Access Program will have a budget of $2.5 million which will enable it to effectively provide transportation infrastructure for new resource developments. In addition to this, Yukon airports will receive a further $2.4 million in upgrading next year. These are but a few of the many planned projects to expand and improve the Yukon's transportation systems in the coming year.

Lands

The availability of suitable serviced land is important to the continued economic development and prosperity of the territory. A total of $7.8 million will be used to develop lands throughout the territory over the coming year by the Department of Community and Transportation Services.

Capital City Commission

In an effort to promote our capital city in the best interests of all Yukon people, we will contribute $50,000 toward the creation of a Capital City Commission. This Commission, which will be broadly representative, including rural Yukon and native band representation, will endeavour to promote Whitehorse in the manner befitting the capital of our territory.

Environmental Protection

In response to the concerns voiced by our citizens during the Yukon 2000 process, we are developing a Yukon Conservation Strategy which will be released this January. It will outline our environmental agenda for the future development of the territory. As part of our action on environmental issues, we will be providing for the development of sewage treatment and solid waste disposal projects as well as the development of our environmental protection program.

The environmental protection program which was initiated last March will be enhanced with the expenditure of a further $192,000 by the Department of Renewable Resources in 1990-91. These funds will facilitate the planning, coordination and development of environmental protection programs and legislation in the Yukon.

The Department of Community and Transportation Services will provide $1.6 million for various sewer, water and solid waste projects in communities. It will also develop and implement a comprehensive Special Waste Management program in 1990-91.

Northern Accord

With the signing of the Northern Accord Agreement in Principle and the renewed interest in northern oil and gas development, an additional $400,000 will be allocated by the Department of Economic Development: Mines and Small Business toward the areas of oil and gas development in 1990-91. This issue is of vital importance to the future of the territory and these additional funds will provide a firm commitment toward the potential development of these resources in the best interests of Yukoners.

Devolution

This government remains committed to the transfer of provincial-like programs from the federal government. The accompanying resources must be sufficient to allow the Yukon to carry-out that responsibility at a level of service adequate to the full and proper functioning of the program and at a minimum, on a basis comparable to similar provincial programs.

This budget contains $126,000 for mine safety responsibilities which will become the Yukon Government's responsibility during the year. Discussions are proceeding on other transfers including the transfer of the Whitehorse General Hospital, inter-territorial roads, airports and land titles.

LAND CLAIMS

Discussions pursuant to the framework agreement on land claims are progres: ing well. To accommodate the increased activity as band agreements are negotiated, an additional $734,000 has been allocated for 1990-91 over the current year's allotment. A total of $229,000 is being provided by the Department of Renewable Resources; $44,000 by the Department of Justice; $166,000 by the Department of Community and Transportation Services and $295,000 by the Executive Council Office.

This will furnish the respective departments with the resources necessary as we work toward finalizing settlement agreements.

The budget also includes $1.75 million of the $6.75 million commitment made by the government towards the implementation of the land claims settlement. One million is earmarked for training, $500,000 will be available to fund the resource management structures and $250,000 will be contributed to the Wildlife Enhancement Trust.

The identification of these funds will provide the parties the flexibility to begin pre-implementing many of the required structures and to identify problems that will have to be dealt with in the band final and umbrella final agreements. This commitment demonstrates the high priority the Yukon government places on the successful completion of land claims settlements for the benefit of all people of the Yukon.

CONCLUSION

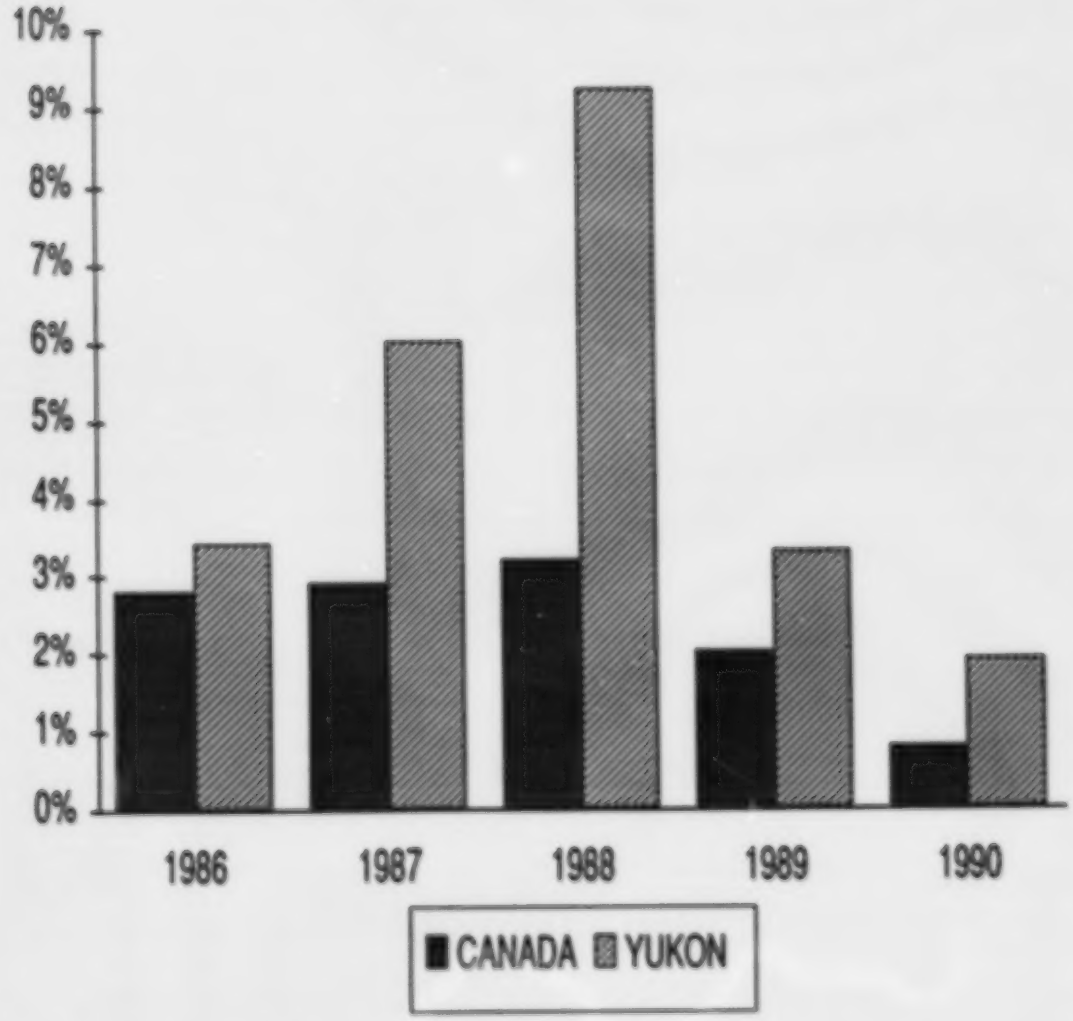
While we have been able to find the resources required to fund these expenditure initiatives, we have had to implement a number of restraint measures and redirect funds in every department in order to do so. In addition, planned capital programs have been deferred or extended over longer periods of time to balance the budget.

As I mentioned earlier, capital expenditures are to decline. Last March, I introduced capital plans totalling $104 million. Today, capital expenditures are forecast to total $94 million for 1990-91, some $10 million less than the current year's budgeted amount.

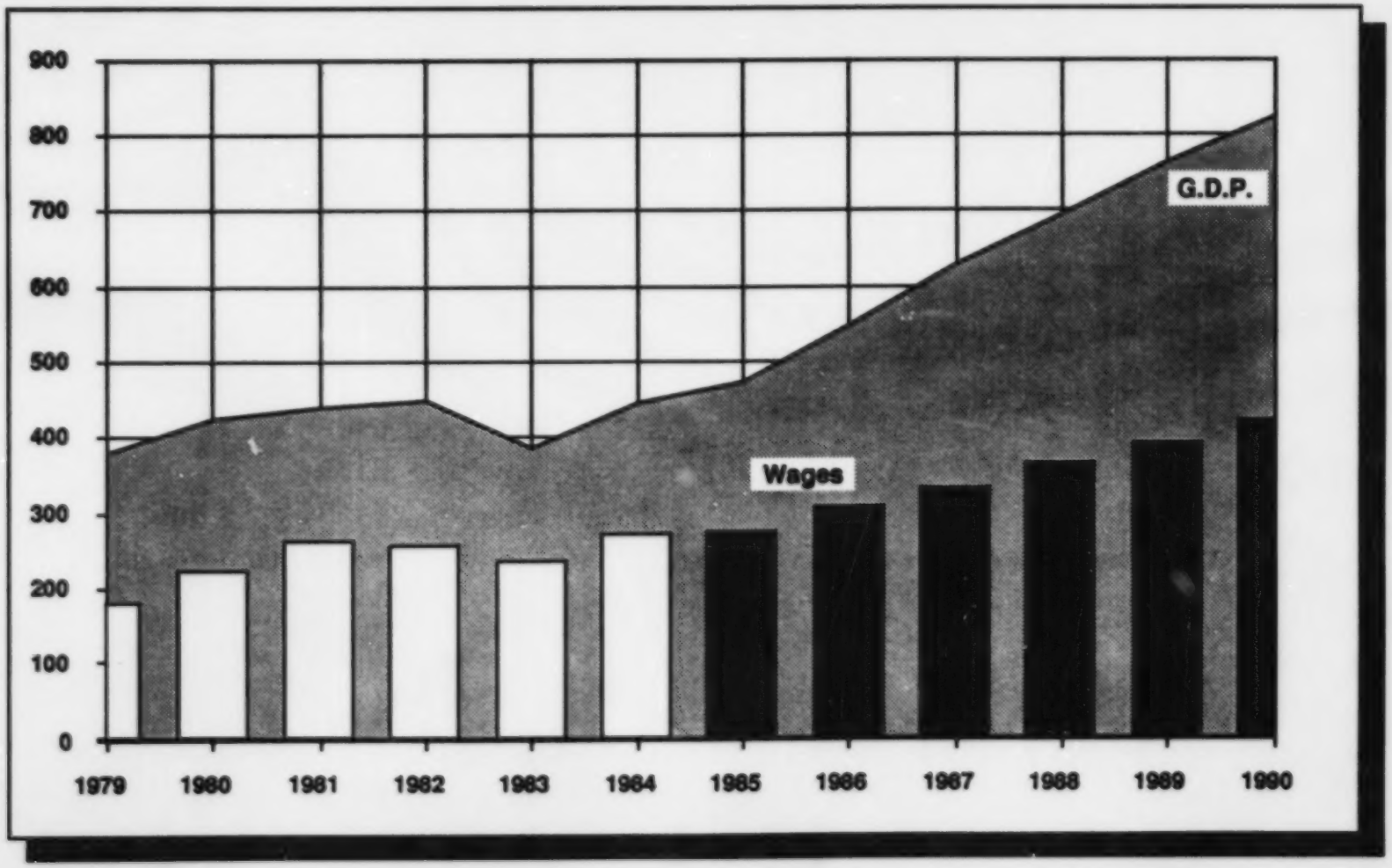
Mr. Speaker, I have presented in this budget a realistic and balanced approach to addressing the needs of the Yukon. The estimates before you reaffirms our commitment to fiscal responsibility and the reality of our need to live within our means. This budget provides for some allocation towards new and existing programs which will contribute to the social and economic well-being of our citizens.

I am sure that all members of this Legislature will wish to support these goals, and, to that end, I commend it to the favourable attention of all Honourable Members.

% GROWTH IN TOTAL EMPLOYMENT THE YUKON & CANADA



The Yukon's Gross Domestic Product (G.D.P.) and Wages 1979 to 1990 (in millions of dollars)



Statistics Canada, Yukon Bureau of Statistics and Yukon Department of Economic Development

1990 - 91

CAPITAL

AND

OPERATION AND MAINTENANCE

SUPPLEMENTARY INFORMATION

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1990-91 CAPITAL AND OPERATION AND MAINTENANCE

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FINANCIAL SUMMARY

($000's)

	1990-91 Estimates	1989-90 Forecast	% Change	1989-90 Estimates
OPERATION AND MAINTENANCE				
Gross Expenditures	248,546	235,529	6%	225,658
Less: Recoveries	40,127	36,501	10%	34,889
Net O&M Expenditures	208,419	199,028	5%	190,769
CAPITAL				
Gross Expenditures	93,935	116,585	-19%	103,724
Less: Recoveries	37,898	35,926	5%	34,480
Net Capital Expenditures	56,037	80,659	-31%	69,244
LOAN AMORTIZATION				
Gross Expenditures	2,121	2,122	0%	2,122
Less: Recoveries	2,037	1,979	3%	2,001
Net Loan Amortization	84	143	-41%	121
FINANCIAL POSITION SUMMARY				
Territorial Revenue	58,392	56,364	4%	55,207
EPF	11,000	10,819	2%	11,000
Federal Transfer Payment	202,044	195,391	3%	194,622
Total Revenues	271,436	262,574	3%	260,829
Gross Expenditures	344,602	354,236	-3%	331,504
Less: Total Recoveries	80,062	74,406	8%	71,370
Less: Net Expenditures	264,540	279,830	-5%	260,134
SURPLUS (DEFICIT)	6,896	(17,256)	140%	695

Under Formula Financing additional funding is made available to the Yukon Government through a transfer payment from Canada. The Transfer Payment is subject to adjustment for changes in Revenue, EPF and some Recoveries. At the present time the total Transfer Payment to be received by Yukon on behalf of 1990-91 is expected to be approximately $202,044,000.

TOTAL EXPENDITURE SUMMARY BY DEPARTMENT

($000's)

DEPARTMENT/AGENCY	1990-91 Estimates		1989-90 Forecast		1989-90 Estimates	
	$	%	$	%	$	%
Yukon Legislative Assembly	1,910	0.6	1,872	0.5	1,857	0.6
Executive Council Office	6,262	1.8	5,816	1.7	5,330	1.6
Community and Transportation Services	97,839	28.6	101,112	28.7	98,064	29.8
Economic Development : Mines and Small Business	13,509	3.9	18,039	5.1	14,534	4.4
Education	66,198	19.3	75,273	21.4	67,193	20.4
Finance	4,311	1.3	4,131	1.2	4,066	1.2
Government Services	22,728	6.6	25,189	7.2	25,555	7.8
Health and Human Resources	58,898	17.2	56,119	15.9	49,150	14.9
Justice	21,204	6.2	21,134	6.0	20,156	6.1
Public Service Commission	7,866	2.3	7,332	2.1	7,277	2.2
Renewable Resources	12,078	3.5	11,570	3.3	11,219	3.4
Tourism	5,980	1.7	5,911	1.7	5,911	1.8
Women's Directorate	333	0.1	319	0.1	319	0.1
Yukon Housing Corporation	23,365	6.8	18,297	5.2	18,751	5.7
Yukon Liquor Corporation	one dollar	-	one dollar	0.0	one dollar	0.0
Yukon Development Corporation	one dollar	-	one dollar	-	one dollar	-
TOTAL EXPENDITURE	342,481	100.0	352,114	100.0	329,382	100.0

The percent columns represent the percent of total expenditures for the year accounted for by that particular department/agency. Percent figures may not add up due to rounding.

OPERATION AND MAINTENANCE

EXPENDITURE SUMMARY BY DEPARTMENT

($000's)

DEPARTMENT/AGENCY	1990-91 Estimates		1989-90 Forecast		1989-90 Estimates	
	$	%	$	%	$	%
Yukon Legislative Assembly	1,910	0.8	1,872	0.8	1,857	0.8
Executive Council Office	6,235	2.5	5,794	2.5	5,308	2.4
Community and Transportation Services	53,440	21.5	49,953	21.2	49,040	21.7
Economic Development : Mines and Small Business	2,669	1.1	2,343	1.0	2,343	1.0
Education	54,134	21.8	51,581	21.9	51,253	22.7
Finance	4,311	1.7	4,131	1.8	4,066	1.8
Government Services	18,058	7.3	17,351	7.4	17,367	7.7
Health and Human Resources	54,428	21.9	53,165	22.6	46,915	20.8
Justice	21,094	8.5	20,955	8.9	20,000	8.9
Public Service Commission	7,866	3.2	7,332	3.1	7,277	3.2
Renewable Resources	10,954	4.4	9,744	4.1	9,510	4.2
Tourism	4,630	1.9	4,043	1.7	4,043	1.8
Women's Directorate	333	0.1	319	0.1	319	0.1
Yukon Housing Corporation	8,484	3.4	6,946	2.9	6,360	2.8
Yukon Liquor Corporation	one dollar	-	one dollar	-	one dollar	-
Yukon Development Corporation	one dollar	-	one dollar	-	one dollar	-
TOTAL EXPENDITURE	248,546	100.0	235,529	100.0	225,658	100.0

The percent columns represent the percent of total expenditures for the year accounted for by that particular department/agency. Percent figures may not add up due to rounding.

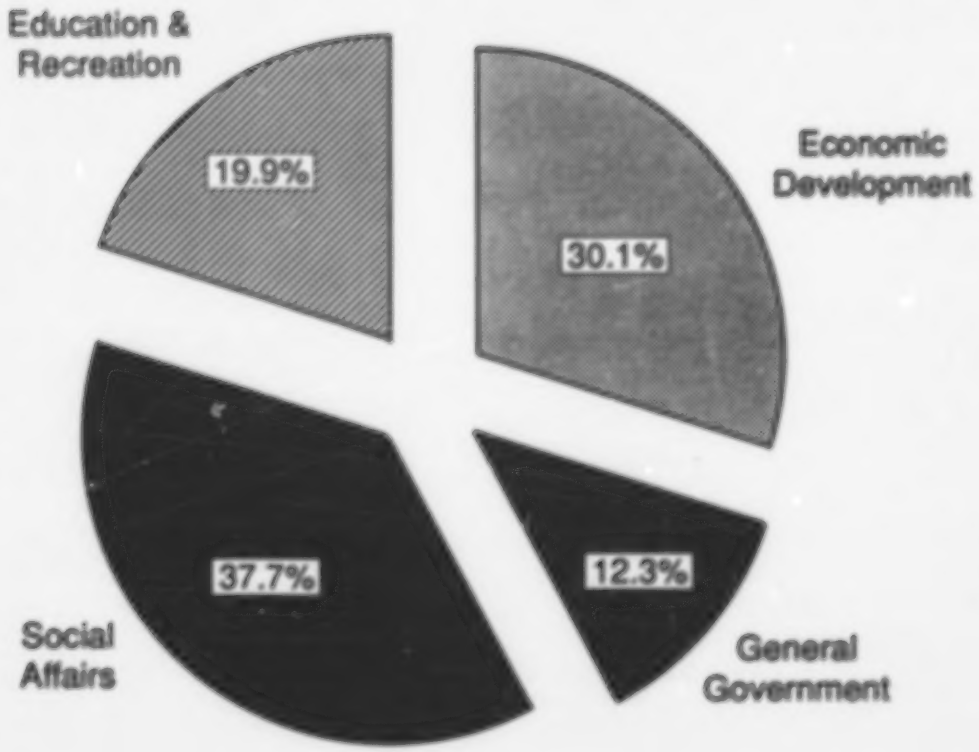
CAPITAL EXPENDITURE SUMMARY BY DEPARTMENT

($000's)

DEPARTMENT/AGENCY	1990-91 Estimates		1989-90 Forecast		1989-90 Estimates	
	$	%	$	%	$	%
Yukon Legislative Assembly	0	0.0	0	0.0	0	0.0
Executive Council Office	27	0.0	22	0.0	22	0.0
Community and Transportation Services	44,399	47.3	51,159	43.9	49,024	47.3
Economic Development : Mines and Small Business	10,840	11.5	15,696	13.5	12,191	11.8
Education	12,064	12.8	23,692	20.3	15,940	15.4
Finance	0	0.0	0	0.0	0	0.0
Government Services	4,670	5.0	7,838	6.7	8,188	7.9
Health and Human Resources	4,470	4.8	2,954	2.5	2,235	2.2
Justice	110	0.1	179	0.2	156	0.2
Public Service Commission	0	0.0	0	0.0	0	0.0
Renewable Resources	1,124	1.2	1,826	1.6	1,709	1.6
Tourism	1,350	1.4	1,868	1.6	1,868	1.8
Women's Directorate	0	0.0	0	0.0	0	0.0
Yukon Housing Corporation	14,881	15.8	11,351	9.7	12,391	11.9
Yukon Liquor Corporation	0	0	0	0	0	0
Yukon Development Corporation	one dollar	-	one dollar	-	one dollar	-
TOTAL EXPENDITURE	93,935	100	116,585	100	103,724	100

The percent columns represent the percent of total expenditures for the year accounted for by that particular department/agency. Percent figures may not add up due to rounding.

EXPENDITURES BY SECTOR
THE YUKON
1990-91



1990/91 MAIN ESTIMATES

DISTRIBUTION BY COMMUNITY

($000)

COMMUNITY	OPERATION & MAINTENANCE	CAPITAL	TOTAL	%
BEAVER CREEK	3,058	353	3,411	1.00%
BURWASH LANDING	458	175	633	0.18%
CARCROSS	2,636	7,627	10,263	3.00%
CARMACKS	3,602	1,023	4,625	1.35%
DAWSON CITY	7,472	4,589	12,061	3.52%
DESTRUCTION BAY	2,018	313	2,331	0.68%
ELSA	69	29	98	0.03%
FARO	2,780	3,682	6,462	1.89%
HAINES JUNCTION	4,138	2,191	6,329	1.85%
KENO CITY	44	75	119	0.03%
MAYO	3,999	2,111	6,110	1.78%
OLD CROW	1,755	363	2,118	0.62%
PELLY CROSSING	745	556	1,301	0.38%
ROSS RIVER	3,136	880	4,016	1.17%
STEWART CROSSING	1,073	137	1,210	0.35%
SWIFT RIVER	1,382	0	1,382	0.40%
TESLIN	3,128	1,172	4,300	1.26%
UPPER LIARD	67	80	147	0.04%
WATSON LAKE	6,814	2,125	8,939	2.61%
WHITEHORSE	106,691	31,471	138,162	40.34%
HIGHWAY CAMPS	9,544	0	9,544	2.79%
TERRITORY WIDE *	73,952	34,983	108,935	31.81%
OUTSIDE YUKON	9,987	0	9,987	2.92%
TOTAL	248,546	93,935	342,481	100.00%

* Includes highway construction and all other expenditures not directly attributable to a community e.g. generalized government equipment purchases.

BUDGETARY INCOME SUMMARY BY SOURCE

($000's)

SOURCE	1990-91 Estimates		1989-90 Forecast		1989-90 Estimates	
	$	%	$	%	$	%
TAXATION						
Personal Income Tax	23,780	6.8	22,240	6.6	21,865	6.6
Corporate Income Tax	5,335	1.5	5,389	1.6	5,035	1.5
School Taxes	2,286	0.7	2,184	0.6	2,172	0.7
General Property Taxes	1,016	0.3	1,060	0.3	990	0.3
Grants in Lieu of Property Taxes	511	0.1	514	0.2	514	0.2
Gasoline Tax	2,619	0.7	2,590	0.8	2,677	0.8
Diesel Tax	1,881	0.5	1,860	0.6	1,923	0.6
Liquor Taxes	2,079	0.6	1,980	0.6	1,949	0.6
Tobacco	2,600	0.7	2,700	0.8	2,900	0.9
Insurance	600	0.2	550	0.2	500	0.2
TOTAL TAXATION	42,707	12.1	41,067	12.2	40,525	12.2
OTHER REVENUE						
Profits-Yukon Liquor Corporation	5,715	1.6	5,746	1.7	5,083	1.5
Public Utitilies Income Transfer Tax	775	0.2	700	0.2	700	0.2
Fees and Licences						
Motor Vehicle	2,404	0.7	1,865	0.6	2,029	0.6
Game and Campground	831	0.2	688	0.2	820	0.2
Business and Professional	386	0.1	373	0.1	373	0.1
Other	839	0.2	803	0.2	704	0.2
Fines and Penalties	201	0.1	195	0.1	195	0.1
Investment Income						
Investments	4,230	1.2	4,702	1.4	4,553	1.4
Land Sale Agreements	275	0.1	200	0.1	200	0.1
Other Revenues	29	0.0	25	0.0	25	0.0
TOTAL OTHER OWN REVENUES	15,685	4.5	15,297	4.5	14,682	4.4
Established Programs Financing	11,000	3.1	10,819	3.2	11,000	3.3
Federal Transfer Payment	202,044	57.5	195,391	58.0	194,622	58.6
TOTAL OTHER REVENUE	228,729	65.1	221,507	65.7	220,304	66.3

BUDGETARY INCOME SUMMARY BY SOURCE

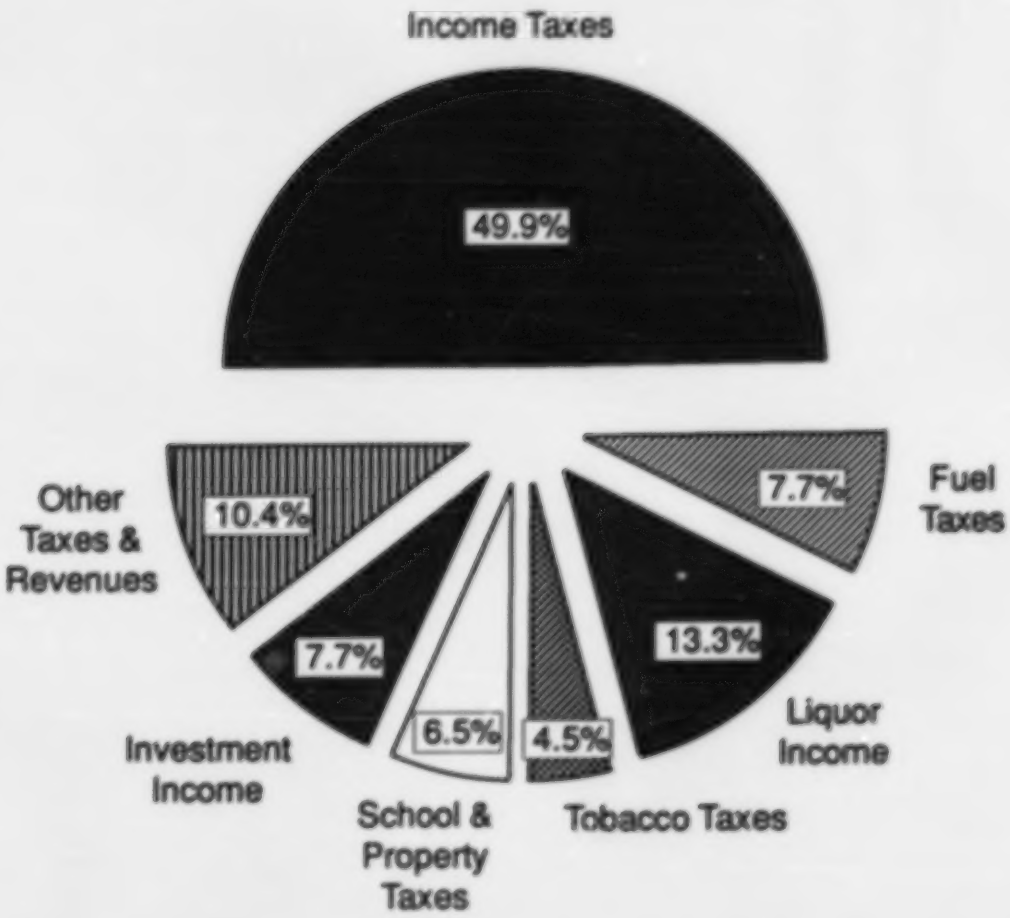
($000's)

SOURCE	1990-91 Estimates $	1990-91 Estimates %	1989-90 Forecast $	1989-90 Forecast %	1989-90 Estimates $	1989-90 Estimates %
RECOVERIES						
Government of Canada						
Canada Assistance Plan	4,928	1.4	4,650	1.4	5,220	1.6
Native Social Services	1,462	0.4	1,300	0.4	1,163	0.4
Young Offenders	1,266	0.4	1,270	0.4	1,313	0.4
Vocational Rehabilitation of Disabled Persons	1,170	0.3	1,276	0.4	1,276	0.4
Bilingualism	1,027	0.3	978	0.3	983	0.3
Legal Aid	409	0.1	382	0.1	382	0.1
Economic Development	1,218	0.3	1,994	0.6	1,008	0.3
IFA**	976	0.3	974	0.3	974	0.3
Other	2,911	0.8	4,444	1.3	2,214	0.7
	15,367	4.4	17,268	5.1	14,533	4.4
Third Party Recoveries						
Alaska Highway	12,670	3.6	10,159	3.0	10,100	3.0
Engineering Services	9,105	2.6	8,602	2.6	9,161	2.8
Native Health Care	2,450	0.7	2,450	0.7	2,450	0.7
Ministry of Transport :Airports	4,407	1.3	4,305	1.3	4,239	1.3
Occupational Training	223	0.1	141	0.0	205	0.1
Other	1,713	0.5	1,656	0.5	623	0.2
	30,568	8.7	27,313	8.1	26,778	8.1
Other Recoveries						
Yukon Housing Corporation	17,978	5.1	12,713	3.8	14,061	4.2
Land Development	7,165	2.0	6,923	2.1	7,443	2.2
Business Development Fund	2,798	0.8	3,185	0.9	2,500	0.8
Miscellaneous	6,186	1.8	7,004	2.1	6,055	1.8
TOTAL RECOVERY	80,062	22.8	74,406	22.1	71,370	21.5
TOTAL BUDGETARY INCOME	351,498	100.0	336,980	100.0	332,199	100.0

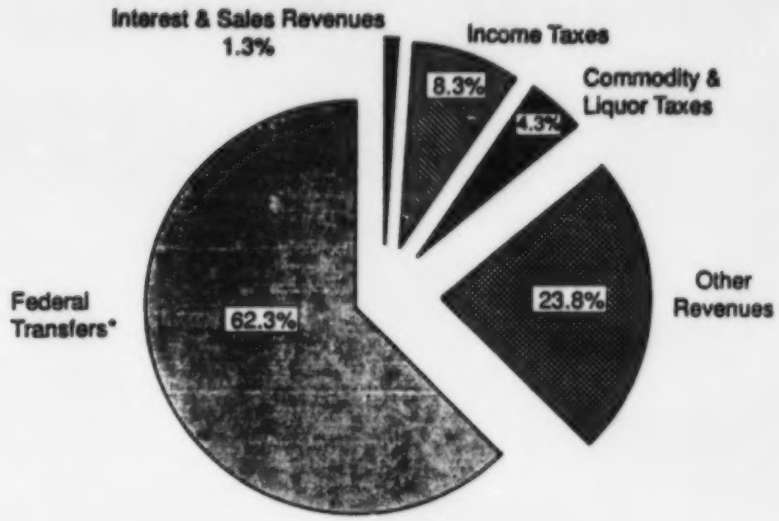
**IFA - Inuvialuit Final Agreement

The percent columns represent the percent of total budgetary income for the year accounted for by that particular revenue. Percent figures may not add up due to rounding.

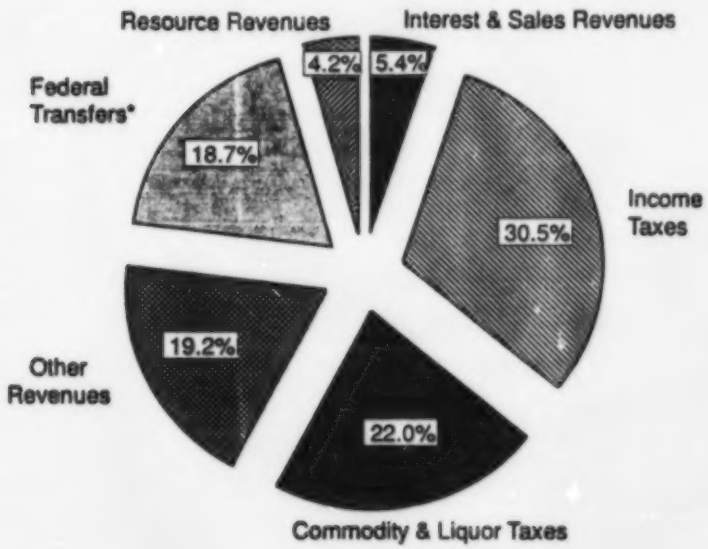
LOCALLY-RAISED YUKON REVENUE, BY SOURCE 1990-91



REVENUES BY SOURCE
THE YUKON
1990-91

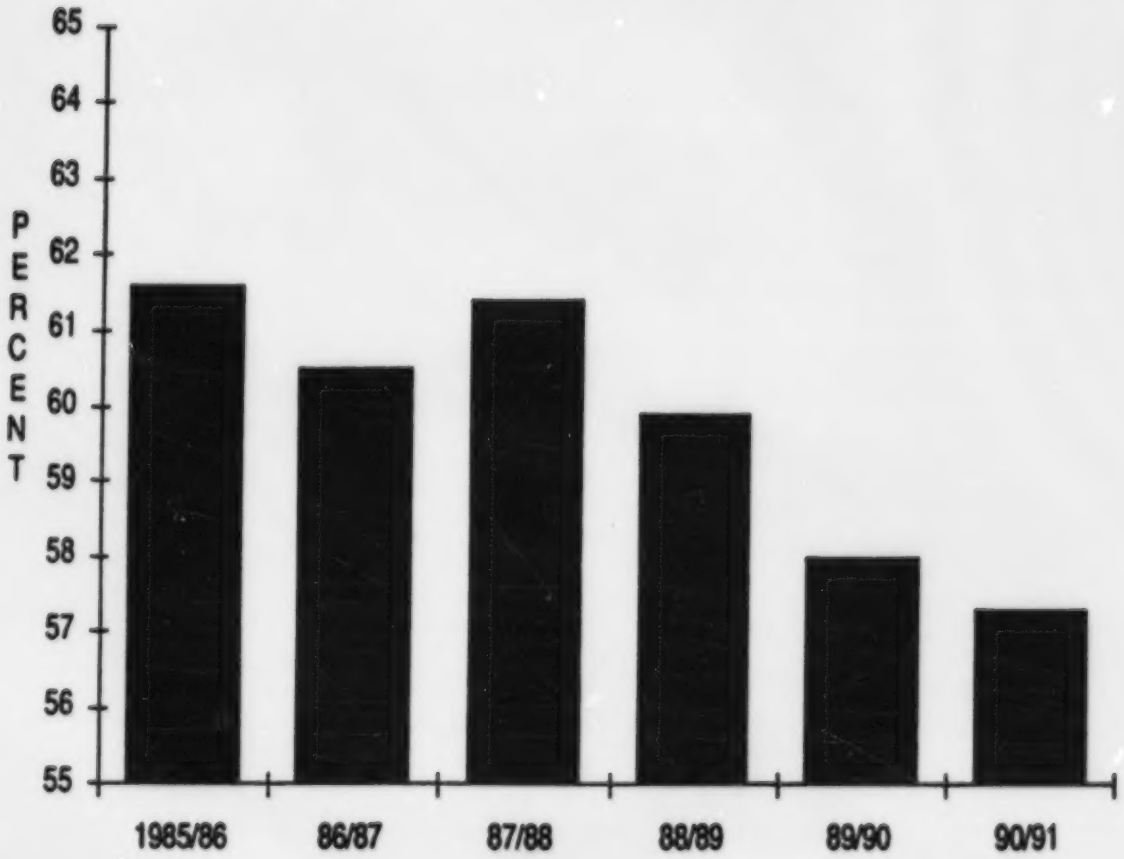


REVENUES BY SOURCE
PROVINCES & TERRITORIES**
1989-90



*Includes EPF, CAP, Equalization and Transfer Payment to Territory(s).
** Source: Federal Department of Finance.

FEDERAL TRANSFER PAYMENT as % of BUDGETARY INCOME



BUDGETARY INCOME SUMMARY
($ 000'S)

	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91
Federal Transfer Payment	148,591	160,162	173,474	180,926	195,391	202,044
Total Budgetary Income *	241,024	264,773	282,694	302,277	337,157	352,478
Federal Transfer Payment as % of Total Budgetary Income	61.6%	60.5%	61.4%	59.9%	58.0%	57.3%

* Includes gross revenues for Yukon Housing Corporation and Yukon Liquor Corporation.

EXPENDITURE RECOVERY

BY DEPARTMENT

($000's)

DEPARTMENT/AGENCY	OPERATION & MAINTENANCE		CAPITAL	
	1990-91 Estimate	1989-90 Forecast	1990-91 Estimate	1989-90 Forecast
Yukon Legislative Assembly	0	0	0	0
Executive Council Office	945	879	0	0
Community and Transportation Services	15,849	13,477	19,081	19,234
Economic Development : Mines and Small Business	0	0	4,771	7,081
Education	2,636	2,545	0	0
Finance	6	6	0	0
Government Services	143	141	531	423
Health and Human Resources	13,336	13,152	0	0
Justice	1,177	1,023	0	44
Public Service Commission	0	0	0	0
Renewable Resources	1,208	1,334	344	345
Tourism	20	30	0	0
Women's Directorate	0	0	0	0
Yukon Housing Corporation	4,807	3,914	13,171	8,799
TOTAL RECOVERY	40,127	36,501	37,898	35,926

PERSON YEAR ESTABLISHMENT SUMMARY

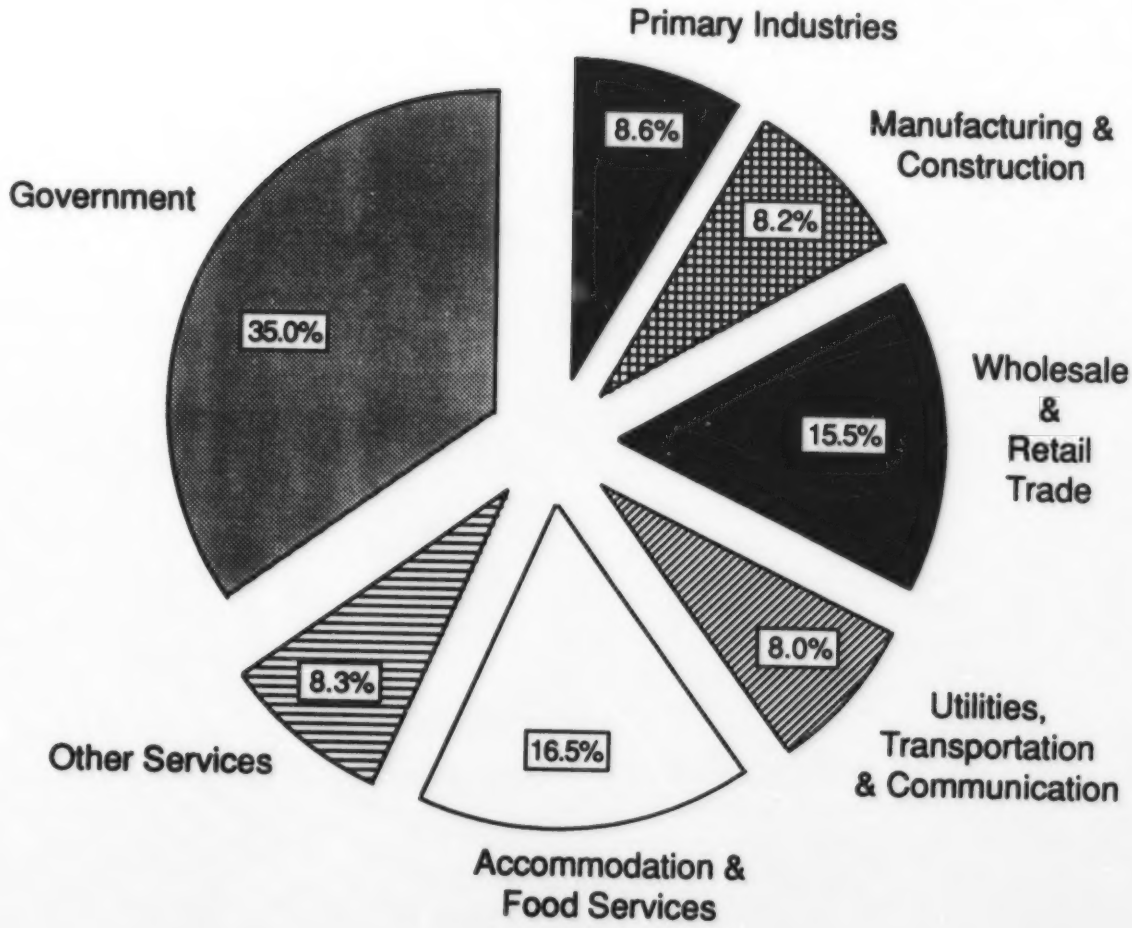
DEPARTMENT/AGENCY	1990-91 ESTIMATE				1989-90 FORECAST	
	O&M	CAPITAL	TOTAL	%	TOTAL	%
Yukon Legislative Assembly	5.6	0.0	5.6	0.3	5.6	0.3
Executive Council Office	66.5	0.0	66.5	3.6	63.2	3.5
Community and Transportation Services	344.0	37.0	381.0	20.6	379.4	20.7
Economic Development : Mines and Small Business	30.5	16.0	46.5	2.5	50.5	2.8
Education	537.5	0.6	538.1	29.1	532.6	29.1
Finance	51.0	0.0	51.0	2.8	51.0	2.8
Government Services	190.2	18.0	208.2	11.3	209.4	11.4
Health and Human Resources	203.0	1.0	204.0	11.0	202.2	11.0
Justice	154.0	0.0	154.0	8.3	148.2	8.1
Public Service Commission	47.5	0.0	47.5	2.6	46.7	2.5
Renewable Resources	108.0	1.0	109.0	5.9	105.7	5.8
Tourism	26.0	9.0	35.0	1.9	34.0	1.9
Women's Directorate	3.0	0.0	3.0	0.2	3.0	0.2
TOTAL PERSON YEARS	1766.8	82.6	1849.4	100.00	1831.5	100.00

The percent columns represent the percent of total person years for the year accounted for by that particular department/agency. Percent figures may not add up due to rounding.

Justice figures do not include 3.0 judges in Court Services.

Executive Council Office includes 16.0 Order-in-Council Appointments.

EMPLOYMENT BY SECTOR
THE YUKON
1989*



* Quarterly Statistical Review - June 1989
Yukon Bureau of Statistics: June 1989 Employment Distribution

MAJOR TERRITORIAL AND PROVINCIAL TAX RATES

NOVEMBER 1, 1989

	PERSONAL INCOME TAX		CORPORATE INCOME TAX				MOTOR FUEL TAXES (N)		
	BASIC RATE	HIGH INCOME SURCHARGE (C)	GENERAL RATE	SMALL BUSINESS	RETAIL SALES TAX	TOBACCO TAX (I)	LEADED GASOLINE	UNLEADED GASOLINE TAX	DIESEL FUEL TAX
	%	%	%	%	%	¢/25 cigs	¢/litre	¢/litre	¢/litre
Newfoundland	61.0 (A)	---	17.0	10.0	12.0	132.0	13.7 (J)	10.7	12.3
Nova Scotia	56.5	---	15.0	10.0	10.0	112.5	9.0	9.0	8.8
New Brunswick	60.0	---	16.0	9.0	11.0	168.0	12.4	10.4	11.0
Prince Edward Island	57.0	10.0 (D)	15.0	10.0	10.0	117.5	9.2	9.2	9.4
Quebec	--- (B)	---	6.16	3.36	9.0	113.0	14.4	14.4	12.45
Ontario	52.0	10.0 (E)	15.5	10.0	8.0	95.7	13.3 (K)	10.3 (O)	10.9
Manitoba	52.0	2.0 (F)	17.0	10.0	7.0	162.5	10.8 (L)	9.0	9.9
Saskatchewan	50.0	12.0 (G)	15.0	10.0	7.0	167.0	12.0 (M)	10.0	10.0
Alberta	46.5	8.0 (H)	15.0	5.0	0.0	120.0	5.0	5.0	5.0
British Columbia	51.5	---	14.0	9.0	6.0	144.0	11.01	9.01 (P)	9.45
Northwest Territories	43.0	---	10.0	10.0	0.0	155.0	8.5	8.5	7.2
Yukon	45.0	---	10.0	5.0	0.0	80.0	4.2	4.2	5.2

MAJOR TERRITORIAL AND PROVINCIAL TAX RATES

Notes to Table:

A) The Basic Rate for Personal Income Tax will increase to 62% as of January 1, 1990.

B) Quebec levies its own personal income tax.

C) Manitoba and Saskatchewan impose a flat tax of 2% and Alberta, 0.5%, on taxable income.

D) Prince Edward Island imposes a surcharge of 10% of provincial tax in excess of $12,500.

E) Ontario imposes a surcharge of 10% of provincial tax paid over $10,000.

F) Manitoba Levies a 2% surcharge on net income over $30,000.

G) Saskatchewan imposes a surcharge of 12% of provincial tax over $4,000.

H) Alberta imposes a surcharge of 8% of provincial tax over $3,500.

I) Manitoba, Ontario, New Brunswick and Newfoundland apply provincial retail sales tax of 7%, 8%, 11% and 12% to sales of tobacco.

J) Includes 1.5 cents/litre surcharge.

K) Tax on leaded gasoline will increase from 13.3 cents/litre to 14.3 cents/litre effective January 1, 1990.

L) Includes 1.8 cents/litre surcharge.

M) Includes 2.0 cents/litre surcharge.

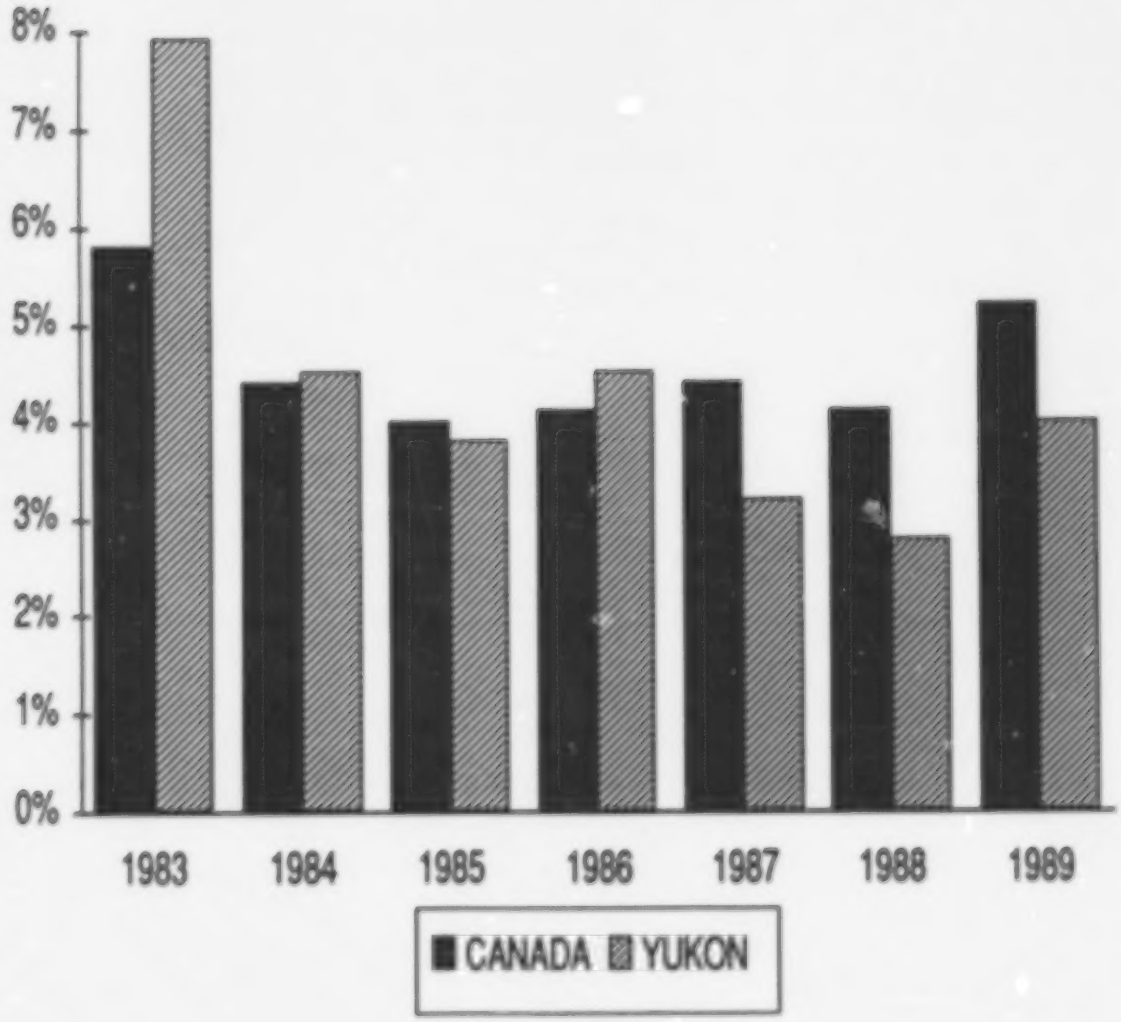
N) Northwest Territories, British Columbia, Newfoundland, Prince Edward Island, Nova Scotia and New Brunswick levy an AD VALOREM tax on gasoline and diesel fuel.

O) Tax on unleaded gasoline will increase from 10.3 cents/litre to 11.3 cents/litre effective January 1, 1990.

P) Northwest Territories levies a highway gasoline tax of 8.5 cents/litre and a non-highway gasoline tax of 5.1 cents/litre.

N.B. Rate changes may have occurred since the time of the survey. To determine current rates, reference should be made to each jurisdiction's Department of Finance.

% CHANGE IN CONSUMER PRICE INDEX THE YUKON & CANADA



MAIN ESTIMATES

HISTORICAL COMPARISON

	O & M ($000)	CAPITAL ($000)	TOTAL ($000)
1990/91	248,546	93,935	342,481
1989/90	225,658	103,724	329,382
1988/89	201,806	100,474	302,280
1987/88	176,749	114,302	291,051
1986/87	171,065	80,935	252,000
1985/86	160,141	48,207	208,348
1984/85	148,214	25,959	174,173
1983/84	130,379	24,412	154,791
1982/83	116,508	37,438	153,946
1981/82	104,497	25,608	130,105

Note: These figures reflect the voted expenditures as per the estimates of the relevant year and have not been re-stated for purposes of comparison.